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Yoakum, Benjamin F.

Railroads, government
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Box 35

**Railroads, Government
Ownership and the
Unemployed.**

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ADDRESS DELIVERED BY

B. F. YOAKUM,

BEFORE

The Republican Club

OF THE CITY OF NEW YORK,

January 23, 1915.

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RAILROADS, GOVERNMENT OWNERSHIP AND THE UNEMPLOYED.

I want to impress upon you the close relationship between government ownership, railroads and the unemployed, and I will try to state this as concisely as I can.

There is enough land in this country to furnish every family with 100 acres out of the approximately 2 billion acres that constitute our land domain.

Government statistics show that in the west and southwest there is less than 12½% of the available land under cultivation.

These are interesting statistics, and are of vital importance to the unemployed, which matter I shall refer to later.

It does not much matter who owns the railroads because the government will exercise the same regulative control over them as if it really owned them. If the show down should come, I predict that those who own the railroads will be more willing to sell at a fair valuation, than

those representing the government will be to buy.

I suggest a few reasons why the government will not buy the railroads :

The people will be slow to add 1 million 700 thousand railroad employes, whose aggregate compensation is now twice as much as the total income of the government, exclusive of postal receipts.

There would be a storm of opposition on the part of the people who have fixed and old fashioned notions about a large public debt.

Railroads now pay 143 million dollars taxes annually. The government is not taxed on its property. In my opinion, the states and municipalities would not stand for being deprived of this income.

If the government owned the railroads it would become the purchaser under normal conditions, of one-third of all the steel and iron products of the country; one-quarter of the timber products of the country, and would become one of the largest purchasers of coal and oil. Then the government would commence to fix prices for its own use, and it would automatically mean fixing the prices of the same products sold to the public.

It is conceded that one of the great evils that may result from government ownership will be the destruction of individual initiative and individual force

that has characterized the success of the American people since the foundation of this country.

It is true the government is preparing to construct and own the Alaskan Railways. This, no doubt, is a wise conclusion. That country should be developed, and the government has adopted the best way of doing it.

The government also owns and operates the Panama Canal. The Canal is a great thing for the Americas. But even the powerful government could not have engaged in these vast enterprises without cheap money. If they had to pay for the money the same price as private corporations, neither the Panama Canal nor the Alaskan Railways would have been undertaken.

Let us consider for a moment the present threatened food famine, which is so closely related to the cessation of railroad construction and unemployment.

This is the first time in our history when we are commencing to face a food scarcity. This is the first time that petitions have gone to Washington asking that the exportation of food stuff be discontinued. The countries at war are buying our provisions at an unprecedented rate, and it is plain that we are about to sell more than we have to spare.

We face this food emergency at a time

when we are in an era of arrested development. In 1912 the last of the big railroad construction contracts were completed. Think of this, there has been no new railroad construction for 2 years, and the prospects are we will see another 2 years without any additional railroad building. This is the first period since the Civil War that not a single railroad construction contract is under way. We have had panics and hard times at intervals, but never for so long a stretch. Heretofore we have had railroad construction, expansion of the country's development, opening up of new territory along new railroads, furnishing labor with employment, to pull us through each time. The reverse is the case at present. There is no work of this kind under way.

For 30 years prior to 1912, our average railroad construction has been 6 thousand miles a year. Following the laying of the rails of these new railroads, many millions of acres of new land were made available and put under cultivation. In addition, thousands of industries for the manufacture of raw material, such as mineral, timber and other resources for the market, were built up, employing and paying good wages to large numbers of men.

The opening up of new territory cannot be remedied at once, and under existing

food shortage our first effort should be to encourage in every way possible sowing and planting. Every available acre should be under cultivation. Country bankers should support their farmer customers to the limit. So far as possible, the idle in the cities should be turned to farm work. I grant that this is not an easy matter, but the emergency is a serious one, and what in ordinary times would be considered impossible should now be made practical.

From the necessity of meeting the urgent needs of the present, it is only a step to anticipate the great demands on this country for the future to provide for the continuously increasing population each year. That is, since railroad building ceased 2 years ago, our population has increased to a point where we have 3 million more mouths to feed, without any additional products to feed them with. Millions of fertile but unused acres should be made available to colonists for the immediate future. We need the products of these idle lands badly. The only way they can be opened for settlement and cultivation is through railroads yet to be built. It is not possible in any other way.

Sixty per cent. of this country in area lies west of the Mississippi River. To furnish it with railroad facilities equal

to the east will require the construction of 180 thousand miles of new railroads.

There are undeveloped sections as large as some of the eastern states, and as rich as the best soils of Europe, but 75 to 125 miles from a railroad, lying idle for lack of transportation. The present unemployed, and the future growing population should be permitted to utilize these rich fertile lands, which cannot be done without transportation facilities. This vast undeveloped domain would be attractive enough, if in any other section of the world, for nations to go to war over, and yet it is lying fallow at the doors of our large cities where there are millions of people hungry and without homes. This is conclusive that there is something economically wrong somewhere and must be remedied.

There are two factors necessary for our food supply, transportation and production. They are essential to each other. In all new countries the locomotive comes first, followed closely by the plow. Without the railroads and the markets, farming cannot be successfully undertaken. The products would decay in the fields. Railroads are essential.

Without reflection upon anyone or any policy, we should profit by the experience we are now undergoing. We are up against an economic necessity, and all thinkers

should turn their attention to its solution, rather than dodge or shift responsibility. The main thing to do is to find a way for the restoration of constructive work. With 4 or 5 million people in this country either starving or on half rations through lack of employment, something must be done to stop this growing distress.

Many of the unfortunate people who find themselves without work would seek homes in the country if there were cheap lands to be had. Cheap lands accessible to existing railroads are a thing of the past. It makes a vast difference to a man with small means whether he can buy a farm for \$10.00 to \$15.00 an acre, or whether he must pay \$75.00 to \$150.00 an acre. And yet there are enough high class idle agricultural lands in this country to meet the demands of the normal growth of the country for the next 20 years, if railroads are built through them so that the farmers attracted to these lands could market their crops.

To say that these people who are suffering in congested centers will not go into the rural districts if an opportunity is offered them is a mistake. You have all seen whenever the government has opened up and offered new lands to the public, people from all parts of the United States, and from all classes, have camped on the lines of the public reservations for

weeks in advance, and have almost rioted among themselves in their eagerness to catch the first signal from the government that the farm lands were open for settlement.

Most of the unemployed men and women in New York, Chicago and other big centers would be willing to do anything that would furnish homes for themselves, and an opportunity to educate their children.

Naturally under such conditions as now surround us, there is a lot of impractical theorizing, and at the same time many good, practical suggestions, but the kind of help proposed is necessarily of a temporary character. These unemployed people cannot continue to live and receive their sustenance, to say nothing of educating their children, through national, state or city aid. This big government must afford opportunities for these people to become producing and self-sustaining citizens. The farm is the only place to accomplish this until the growth of the rural districts catches up with the cities in equalizing production to consumption.

It is a mistake to regard these people as a class unable to make a living. Many of them are on the charity list for no other reason than lack of opportunity, and are willing and competent if a way is found to give them a chance. It is nothing short

of a reflection on this country and its management when there is a superabundance of land awaiting cultivation for many times the several million people who are now unemployed, who should be so busy and prosperous that they and their families should never know there existed such a thing as a bread line or a free soup house. Our whole economic fabric is wrong when this salvation is neglected.

I want to emphasize the close connection between the piling up of hundreds of thousands of unemployed in cities and the subject of opening farm lands through new railroad construction.

As I have already stated there has been no new railroad construction for 2 years, whereas the average railroad building for the preceding 30 years was 6 thousand miles a year. Under normal conditions, there is an average of 7 employes to the mile of operated railroad. Therefore the construction of 6 thousand miles of new railroads a year resulted in the employment of 42 thousand additional men a year as these new railroads were put in operation. Using the government's estimate of $4\frac{1}{2}$ people to the family, these employes would support and educate through their employment, 190 thousand additional people each year if normal conditions had continued.

If cessation of railroad construction

continues through 1916, it will mean that in the 4 years of stoppage from 1912, we will be behind in building 24 thousand miles of road. This arrested development means that we have failed to invest, at \$30,000. a mile for construction of these lines----- 720 million dollars

It means that we have failed to make 240 thousand freight cars at a cost of---- 240 " "

Locomotive shops have been deprived of the business of making 5 thousand additional locomotives at a cost of--- 80 " "

Steel car builders are minus the construction of 4 thousand passenger coaches at a cost of----- 48 " "

To say nothing of the thousands of new homes, and the multitude of new industries that would have been built.

To build new railroads bankers must be able to sell the securities. It is difficult to find investors for new railroad securities under existing conditions, which, however, are happily on the mend. Railroad builders who are to extend the lines into sparsely and undeveloped countries cannot undertake the construction with-

out adequate money. Therefore, before this all important work of new railroad building can be resumed, a method must be found by which the government, the bankers and the builders can cooperate.

With railroad construction stopped, contractors' outfits rusting or sold for junk, how can we expect to return to the highest standard of business and development, when the one instrument so essential to our growth has been abandoned, the effect of which reaches all business and labor problems? For we cannot stand still. We must either go forward or backward.

Analyzing these great economic questions, we find that this arrested development which began in 1912, includes the man who wields the axe to cut the forest trees, the miner with his tools in the ore beds, and through every process of the raw material to the finished product, 80 cents out of each dollar would go to labor and the products of labor.

If through the cooperation of the government a way can be found to restore railroad construction and the opening up of new lands, with consequent farms, homes and factories every other class of business will respond and flourish from the time such a fixed policy is assured.

In conclusion I would sum up by saying that the serious problem of the unem-

ployed has a direct and vital connection with the arrested development of this country. The cessation of railroad building beginning in 1912, which bids fair to continue for some further time, must be superseded by the actual building of new railroads through the large fertile but undeveloped sections of our west and southwest.

The productive forces of this country must be kept busy and given an opportunity to change our vast idle domain into producing fields and gardens, thereby enabling our factories to run full time with well paid employes.

While I do not believe in government ownership, I do believe that the government must give material encouragement in this necessary work, and that in so doing, the best possible solution of the great unemployment question will be found.

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